

Senate Bill 465
"Exempt State Fund from the Montana Electronic Government Services and Montana Information Technology Acts"

Opponent Testimony by Dick Clark, Chief Information Officer,
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Department of Administration
444-2777

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Madam Chair, members of the committee, for the record my name is Dick Clark. I am the Chief Information Officer (CIO) of the Information Technology Services Division (ITSD), within the Department of Administration. I have been in my position for just over a year.

I rise in opposition to SB465.

The primary duty of the CIO is to implement the conscious policy objectives established by the legislature within the Montana Information Technology Act of 2001. As such, it is my duty to point out that SB465 exempts the Montana State Fund from two significant information technology policies approved by previous Legislatures; the Montana Electronic Government Services Act (2-17-1101 MCA) and the Montana Information Technology Act (2-17-504 MCA). Both of these Acts require state government to develop information technology resources in an organized, deliberative and cost-effective manner. These points were again emphasized by the Legislative Audit Division in their 2005 Audit "Enterprise IT Management" whereby it states on Page 5: "The Montana Information Technology Act presents the state with an opportunity to have centralized management and control of IT....Accountability can be maintained because one agency (DOA-ITSD) is responsible for centralized management and oversight". While the State Fund can argue they are unique, we need not reject these legislative goals and exempt the State Fund from legislative policy. The State Fund can accomplish their mission and provide appropriate services to its customers while operating under these Acts.

Further, I am most concerned about the exemptions requested to the Montana Information Technology Act. Again as CIO and your agent, I must point out that Section 4 of SB465 provides the State Fund with a complete exemption from the Act, and its requirements and enforcement provisions, effectively withdrawing all legislative oversight. Moreover, exempting the Fund will allow it to leave the enterprise and 'shop' for information technology services from non-state providers. Therefore, passage of SB465 is expected to lead to the creation of duplicative services, such as telecommunication, network and facilities. As this occurs, DOA - ITSD will be forced to recover its costs from the remaining consumers of enterprise services resulting in a significant cost shift from the State Fund to other agencies. The financial impact is not trivial; in FY06 the State Fund paid DOA - ITSD over \$775,000 for all services it

consumed. Information technology costs of the state will increase as a result of the approval of SB465.

Next, I have a real concern that State Fund will purchase a separate accounting system if this bill passes. Over the past several years State Fund has made several attempts to purchase a separate accounting system but have not been able to justify the purchase through the MITA process. State Fund has not been able to prove to DOA Accounting that SABHRS is not able to meet their needs. Since this bill writes them out of the MITA process, one must assume State Fund will go forward with the purchase and implementation of an accounting system, thereby duplicating and negating, at least for State Fund, the major investment the state has in its enterprise accounting package: SABHRS.

In conclusion, I do not believe that State Fund's inclusion under the Montana Information Technology and the Montana Electronic Government Services Acts have adversely impacted either State Fund's bottom line or the uniqueness of their line-of-business offering. I urge your opposition for this legislation. I am available to answer any questions you may have.

Thank you.